GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:879
ANSWERED ON:01.03.2016
Prices of Fertilizers
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the price of various fertilizers during each of the last two years and the current year;

(b) whether the prices of raw materials for the fertilizers have risen in the last year, if so, the details thereof and the remedial measures taken thereon;

(c) whether the Government has made any arrangements to monitor the prices of fertilizers and set up a statutory agency in the country to fix the prices of fertilizers, if so, the details thereof;

(d) whether the prices of fertilizers are on the rise in the recent past, if so, the rate of increase of rise in the prices of fertilizers in the last three years and the current year; and

(e) the action contemplated by the Government to control the prices of fertilizers in the country and to ensure adequate supply of fertilizers to the farmers?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERILIZERS

(SHRI HANSRAJ GANGARAM AHIR)
(a): The Maximum Retail Price (MRP) of Urea, which is statutorily fixed, during last two years and the current year is Rs 5360/MT (excluding taxes). An additional 5% of MRP is charged for neem coating of Urea. The average prices of Phosphatic and Potassic (P&K) fertilizers for the last two years and current year upto January 2016 are given in Annexure − I.
(b): In respect of Phosphatic and Potassic (P&K) Fertilizers, Nutrient Based Subsidy (NBS) Policy is being implemented w.e.f. 1.4.2010. Under the policy, a fixed amount of subsidy decided on annual basis, is provided on each grade of subsidised P&K fertilizers based on their nutrient content. The subsidy rates are fixed based on international and domestic prices of these fertilizers, exchange rate and inventory levels in the Country. The cost of raw materials is not taken into account for fixation of subsidy rates and hence, the prices of raw material are not maintained. However, as per the prices published in Fertilizer Market Bulletin (FMB), the prices of Ammonia, Rock Phosphate and Sulphur have come down during last year. However, Phosphatic Acid prices have registered slight increase.

(c): Yes, Madam. Under the NBS Policy, the fertilizer companies are required to upload the MRPs of the subsidised P&K fertilizers in the web-based Fertilizer Monitoring System (FMS). The prices uploaded by the companies in FMS are monitored. The Government has also put in place a mechanism, under which all P&K fertilizer companies are mandatorily required to submit six-monthly cost data from 2012-13 onwards and the cost data is got analysed through certified Cost Accountants duly appointed for the purpose to find out reasonableness of prices fixed by these P&K fertilizer companies.

(d): The average prices of major P&K fertilizers for the last 3 years and the current year (upto January 2016) along with the percentage increase/decrease in the prices are given in Annexure − II.

(e): Under the NBS policy, MRPs are fixed by fertilizer companies as per market dynamics. Government does not fix the MRP of P&K fertilizers. In order to ensure reasonableness of prices, it has been made mandatory for the fertilizer companies to submit cost data in prescribed format from 2012-13 onwards. The cost data received from these companies are examined by duly certified Cost Accountants appointed specifically for the purpose to find out reasonableness of MRPs fixed by them. In order to ensure adequate supply of subsidised fertilizers to the farmers following action has been taken:
The month-wise demand is assessed and projected by the Department of Agriculture, Cooperation and Farmers Welfare (DAC&FW) in consultation with the State Governments before commencement of each cropping season.

i. On the basis of month-wise & state-wise projection given by DAC&FW, Department of Fertilizers allocates sufficient/adequate quantities of fertilizers to each state by issuing monthly supply plans and continuously monitors the availability through on-line web based FMS and by regularly advising manufacturers and importers of fertilizers to coordinate for streamlining the supplies through timely placement of indents for railway rakes through their state institutional agencies like Markfed etc.

ii. Regular weekly Video conferences are conducted jointly by DAC&FW, Department of Fertilizers (DoF), and Ministry of Railways with State Agriculture Officials and corrective actions are taken to dispatch fertilizer as indicated by the State governments.

iii. The gap in the demand and domestic production of fertilizer is met through imports.
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